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TO MISSILE TECHNOLOGY CONTROL REGIME COLLECTIVE PRIORITY
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S E C R E T STATE 048842

E.O. 12958: DECL: 04/12/2022
TAGS: PARM MTCRE PREL MNUC ETTC MX

SUBJECT: IRAN AND SYRIA NONPROLIFERATION ACT --
NOTIFICATION OF ANCTIONS AGAINST ONE MEXICAN ENTITY (C)

REF: REF A: 2006 STATE 203788

Classified By: ISN/MTR ACTING DIRECTOR JAMES L. MAYES FOR REASONS 1.4
(B),(D), and (H).

¶1. (U) This is an action request. Embassy Mexico
City please see paragraph 7.

¶2. (S) Background: The Iran and Syria Nonproliferation Act (ISNA) requires periodic reports to Congress identifying foreign entities with respect to which there is credible information indicating that they have transferred to or acquired from Iran or Syria items on multilateral lists (Australia Group (AG), Chemical Weapons Convention (CWC), Missile Technology Control Regime (MTCR), Nuclear Suppliers Group (NSG), and the Wassenaar Arrangement (WA) or other items with the potential to make a material contribution to missile, WMD, or ballistic or cruise missile programs.

¶3. (S) The USG has determined that Aerospace Logistics Services has engaged in activities, as noted above, that warrant the imposition of measures pursuant to Section 3 of the ISNA. (Note: Aerospace Logistics Services was previously sanctioned under the ISNA in December 2006 for a different transfer. (Ref A)
End Note)

¶4. (S//NF) Specifically, we have information indicating information that the Mexican firm Aerospace Logistics Services shipped Wassenaar-controlled J-85-21 engine components for F-5 fighter aircraft to Iran in December 2004 and January 2005.

¶5. (S) Accordingly, pursuant to the provisions of the ISNA, the following penalties are imposed on this entity, its subunits, subsidiaries, and successors:

a. No department or agency of the United States Government may procure, or enter into any contract for the procurement of any goods, technology, or services from them;

b. No department or agency of the United States Government may provide any assistance to them, and they shall not be eligible to participate in any assistance program of the United States Government;

c. No USG sales to them of any item on the United States Munitions List are permitted, and all sales to them of any defense articles, defense services, or design and construction services under the Arms Export Control Act are terminated; and

d. No new individual licenses shall be granted for the transfer to them of items, the export of which is controlled under the Export Administration Act of 1979 or the Export Administration Regulations, and existing such licenses are suspended.

These measures, which will take effect shortly, will remain in place for two years and expire in April 2009.
(Note: These penalties extend for three and a half

months the penalties that were imposed in December 2006.
End Note.) We want to provide advance notice to the Mexican Government of this decision, note that this determination will be published soon in the Federal Register, and make clear that the penalties are only on the entity, and not on the government of Mexico.
End Background.

¶6. (S) Purpose/Objective: To inform the host government of the sanctions determination prior to its publication in the Federal Register.

¶7. (S) Action request: Post is requested to provide the following suggested talking points to appropriate Mexican government officials and report response. Talking points also may be left as a non-paper. Post should note that the second point is cleared language from the intelligence community and must be used verbatim.

¶8. (S//REL MEXICO) Suggested Talking Points:

-- The United States has determined that there is credible information indicating that the Mexico-registered company Aerospace Logistics Services transferred to Iran items that are controlled on the Wassenaar Arrangement Munitions List.

-- Specifically, the United States has information that the Mexican firm Aerospace Logistics Services shipped J-85-21 engine components for F-5 fighter aircraft to Iran in December 2004 and January 2005. The firm's address is KM 26.5 Toll Road, Tijuana-Ensenada, Rosarito, Baja California, Mexico.

-- Based on this transfer, we have imposed certain measures against this entity as provided in the Iran and Syria Nonproliferation Act (ISNA).

-- The Iran and Syria Nonproliferation Act (ISNA) requires a report to the U.S. Congress identifying persons who have transferred goods, services or technology controlled by multilateral nonproliferation control regimes, such as the Wassenaar Arrangement, to or from Iran or Syria or otherwise have the potential to contribute materially to WMD, missile, or cruise missile programs in Iran or Syria. Sanctions are authorized against the persons (including entities, individuals, governments and governmental entities) involved in the transfers identified in such reports.

-- Accordingly, pursuant to the provisions of the ISNA, the following measures are imposed on this entity, and its successors, subunits, and subsidiaries:

a. No department or agency of the United States Government may procure, or enter into any contract for the procurement of any goods, technology, or services from them;

b. No department or agency of the United States Government may provide any assistance to them, and they shall not be eligible to participate in any assistance program of the United States Government;

c. No USG sales to them of any item on the United States Munitions List are permitted, and all sales to them of any defense articles, defense services, or design and construction services under the Arms Export Control Act are terminated: and

d. No new individual licenses shall be granted for the transfer to them of items, the export of which is controlled under the Export Administration Act of 1979 or the Export Administration Regulations, and existing such licenses are suspended.

-- These measures will take effect shortly and will

remain in place for two years.

-- This determination will be published soon in the Federal Register.

-- These sanctions do not target the Mexican government, but only the entity involved in the transfer.

-- We urge you to investigate Aerospace Logistics Services and to take necessary measures to prevent any arms exports to Iran by Mexican firms. We would be interested in your sharing with us any further information on this or other commercial military transactions with Iran, including the supply of equipment, transfer of technology, or provision of maintenance or training, by Aerospace Logistics Services or other entities. We also welcome further discussion on this or other nonproliferation cases that may come to your attention and look forward to an enhanced dialogue on these important nonproliferation questions.

(As appropriate/If the issue is raised by the Government of Mexico)

-- Aerospace Logistics Services was sanctioned in December 2006 for a separate transaction involving similarly-controlled items. Under the ISNA we are still required to report this separate transaction, for which it was determined that sanctions were warranted.

-- Furthermore, UN Security Council resolution 1747 calls upon all states to exercise vigilance and restraint in exporting to Iran any items on the UN Conventional with Iran could diminish this message of international resolve and, in light of an Iran's recent denunciation of UNSCR 1747, make it seem that Mexico is willing to cooperate with Iran on sensitive military hardware. It is vital that we continue to speak clearly, with one voice to Iran.

-- Consistent with UNSCRs 1737 and 1747, we urge your government to investigate fully the activities of Aerospace Logistic Services and ensure that this firm or any other entity based in Mexico is not acting in violation of the Security Council resolutions or supporting Iran's WMD, missile, or advanced conventional weapons programs of concern.

End suggested talking points.

¶ 7. (U) Please slug any reporting on this issue for ISN/MTR and WHA/MEX. A response is requested as soon as possible. Department point of contact is Matt Hardiman, ISN/MTR, 202-647-3176(hardimanmx@state.sgov.gov).
RICE

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End Cable Text